



## **Contract and Financial Procedure Matters Report**

### **SUMMARY**

- 1.1 This report deals with the following items that require reporting to and approval by Council Cabinet under Contract and Financial Procedure rules:
- to approve proposed changes to the capital programme
  - to approve in year Section 106 allocations
  - to approve capital scheme commencements
  - To approve the submission of an external funding capital bid to Sport England's Sustainable Investment in Community Sports Facilities fund towards the construction of the indoor and outdoor hubs as part of the Leisure Facility Strategy.

### **RECOMMENDATIONS**

- 2.1 To approve the changes to the 2010/11 – 2012/13 capital programme as shown in Appendix 2.
- 2.2 To note the revised capital programme and associated funding detailed in Table 1 on page 2 for 2010/11.
- 2.3 To approve the in year S106 allocation and the proposal for S106 usage for Arboretum Park, Markeaton Park, Borrowood play area and Chellaston Community Centre.
- 2.4 To approve the capital scheme commencements detailed in Appendix 3.
- 2.5 To approve the submission of an external funding capital bid to Sport England's Sustainable Investment in Community Sports Facilities fund and other external funding bodies as a contribution towards the construction of the indoor and outdoor hubs as part of the Leisure Facility Strategy

### **REASON FOR RECOMMENDATIONS**

- 3.1 As included in the report.

## SUPPORTING INFORMATION

### 4.1 Changes to the Capital Programme

The latest approved programme as at 26 October Cabinet was £118.3m. Various changes are now required to reduce this total by £2.8m making a revised capital programme total of £115.5m. Table 1 shows the changes and revised 2010/11 programme.

### 4.2 Table 1 - Revised Capital Programme 2010/11

<b>Table 1 – Revised 2010/11 Programme and Funding</b>			
<b>Programme</b>	<b>Latest Approved (26 October Cabinet) Capital Programme £000's</b>	<b>Further Revisions (Appendix 2)  £000's</b>	<b>Revised Programme  £000's</b>
Children and Young People	26,448	(3,455)	22,993
Neighbourhoods	30,692	(2,969)	27,723
Adult Health & Housing	28,545	3,431	31,976
Resources	2,713	0	2,713
Chief Executive	29,887	0	29,887
<b>Total Programme</b>	<b>118,285</b>	<b>(2,993)</b>	<b>115,291</b>
<b>Funding 2010/11</b>			
Supported Capital Expenditure (Revenue)	3,493	0	3,493
Supported Capital Expenditure (Capital)	30,180	(1,069)	29,111
<i>Unsupported borrowing</i>			
Corporate Programme	20,185	(1,656)	18,529
Service Financing	1,681	1,620	3,301
Service Financing Spend to Save	1,940	0	1,940
Housing major repairs allowance	9,103	0	9,103
Government grants	23,282	(1,532)	21,750
Capital receipts	11,184	0	11,184
External contributions	3,094	75	3,169
Lottery			
Capital Reserves	618	(3)	615
Revenue/Revenue Reserves	11,872	(459)	11,413
S106 External Contributions	1,653	31	1,684
<b>Total Funding</b>	<b>118,285</b>	<b>(2,993)</b>	<b>115,291</b>

Details of the changes are shown in Appendix 2 with a summary of some of the larger changes highlighted below:

#### 4.3 Children and Young People's Services

- The £519k budget set for the Primary Capital Programme - PCP - scheme at Firs Estate primary School will also cover the separate boiler, structural and fire risk assessment schemes previously approved for this school. These separate schemes total £197k. The PCP scheme has been reduced by this amount and the funding has been reallocated back into the Modernisation fund for future allocation.
- The re-wiring and fire risk assessment schemes for Borrow Wood Junior School have been combined and undertaken during the summer. This has saved £131k which has been reallocated back into the Modernisation Fund for future allocation.
- St Chad's C of E Nursery and Infant School - Due to urgent health and safety issues with the roof and ceilings the school nursery has been relocated temporarily into the school hall. Work is now needed to reinstate the nursery accommodation and address similar health and safety condition issues in the hall and two other classrooms. The work will require some temporary decanting of classrooms within the building and can not be delayed to the summer 2011 school holiday. Retrospective approval is requested for this £115k scheme to be added to the capital programme and for scheme commencement. The scheme is to be funded from the Modernisation pot.
- The BSF Derby Moor Community Sports College - Major refurbishment scheme budget has been rephased to match the works schedule.
- The BSF Lees Brook Community Sports College - New Build scheme has been removed from the programme due to the Government cut, previously reported at the 26 October cabinet meeting. The BSF preparation costs budget has been reduced by £835k over the period 2011-2013.
- There was an allocation of £25m spread over five years for BSF ICT which due to the government cuts within the BSF programme was subsequently removed but £4.6m has been renegotiated as part of the revised BSF programme for ICT. Expenditure will be incurred in accordance with the ICT cost models. This grant has been added to the programme as a funding source over a three year period. The allocation to each school will be reported at the next cabinet meeting.
- Property Services have increased the budget for Vic Hallam school building repairs by a £350k revenue contribution. This is to allow two schemes at Mickleover Primary and Ridgeway Infant schools to be undertaken during 2010-2012.
- The Sure Start Early Years and Children's Centre Capital funding has been reduced by £967k as part of the in year capital reductions and has reduced the £2m brought forward from 2009-10.
- The West End Children's Centre (Central Community Nursery School) scheme has been reduced upon receipt of tender by £122k. The saving has been re-allocated to the Sure Start Early Years Unallocated Grant budget. A review and re-prioritisation of all schemes funded from these sources is taking place and a revised programme will be reported at the next cabinet meeting.
- The Short breaks for disabled children (funding source) budget has been reduced by £99k. The Government have cut 2009-10 funding balance brought forward.
- Future year's allocations for Extended Schools, (£232k) and Youth Capital Funds, (£130k), have been removed from the programme to reflect the Government cuts.

## 4.4 Adult Health and Housing

### Housing General Fund

- **Centenary House Refurbishment**

Centenary House provide an alcohol dependency unit for six people with an alcohol addiction, this unit has been very successful in providing housing and support services to enable these clients to engage in a managed drink programme to reduce their alcohol dependency and improve their individual well being and quality of life. The support provided enables the clients to improve there individual living skills and move towards independent living. Due to the success of this unit with very difficult to reach clients, we have contributed £107k via a grant towards refurbishing another part of the hostel to extend the alcohol dependency unit and provide another seven spaces.

- DASH - The Decent and Safe Homes budget has been increased by £147k to include slippage from 2009-10.

- Park Homes Improvements 2011/12 scheme

The Council's Shelton Lock Park Homes site addition (£190k) is required for improvement works which will contribute towards enabling the financial viability of the park on a longer term basis. This will be funded from the rephasing of £190k from the 2010/11 acquisition and demolition of unfit properties scheme.

## 4.5 Housing Revenue Account

- **Photo voltaic Cells on Council Houses**

On 16 February 2010, Council Cabinet considered a report on the Housing Revenue Account Budget for 2010/11 and one of its decisions was to recommend to Council to approve the budget set out as part of the HRA Business Plan at Appendix 2 and detailed in Appendix 3 of the report. Minute No 187/09 refers. On 1 March 2010, this recommendation was approved by Council with the addition of:

"subject to photo voltaic cells being fitted to 300 Council Houses by utilising prudential borrowing to cover most, if not all of the cost". This amendment was carried.

The scheme will cost £3million and will be commissioned on behalf of the Council by Derby Homes Limited and has been added to the capital programme 2010/11 with approval for scheme commencement requested.

As the HRA has sufficient reserves at present, it is proposed that this scheme will be funded directly from reserves. This will minimise the long-term cost to the HRA as the net interest cost will be lower.

- The kitchens and bathrooms schemes have been amalgamated. The split between pre and post war properties goes back to the way work was organised during the Decent Homes programme 2003-2006 and no longer has any relevance.
- The new/replacement central heating and storage heater replacement schemes have also been combined. The split was introduced around 2005 when a major programme of storage heating replacement was started, but that programme has now finished.
- A solid wall insulation scheme has been created from Home Essentials for Life Programme budget for the Community Energy Savings Programme, approved by Council 7 September 2010.
- New Build - Elton Road Cowsley Road. Cabinet approved this scheme on 28 July 2009.

#### 4.6 Neighbourhoods Directorate

##### Leisure and Culture

- The play area refurbishment schemes have been revised following the loss of £410k Government Playbuilder grant.
- The Leisure Centre Strategy has been rephased by £600k to future years
- In line with the anticipated spend.

##### Environmental Regulation

- Delays to the Markeaton Crematorium project to review alternative methods of abatement equipment require rephasing of £823k to 2012-13.

##### Planning and Transportation

- The Connecting Derby completion date has been extended from December 2010 to February 2011. £1,057k rephasing is required to 2011-12.

- 4.7 Changes to the 2010/11 capital programme have a knock on effect on the indicative programme for 2011/12 – 2012/13. The summary revised totals by department for the indicative programme are shown in Table 2.

**Table 2 - Revised Indicative Programme 2011/12 -2012/13**

<b>Programme</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Children and Young People	22,993	41,977	44,930
Adult Health & Housing	31,976	21,679	11,262
Resources	2,713	0	0
Neighbourhoods	27,722	20,643	58,700
Chief Executive	29,887	23,698	9,750
<b>Revised Programme</b>	<b>115,291</b>	<b>107,997</b>	<b>124,642</b>

The figures shown for 2011/12 – 2012/13 are the indicative budgets approved by Cabinet

16 February in the budget process for 2010/11, altered for any rephasing reported at previous cabinets and shown in Appendix 2.

Cabinet is asked to approve the additions and amendments to the 2010/11 – 2012/13 capital programme.

#### 4.8 S106 Contributions

It was agreed through the S106 working group that any allocation of S106 monies would be reported to Cabinet during the year to inform members what specific contributions are intended to be used for. The commission reports taken during Jan/Feb detail any allocations for the 2010/11 capital programme, however any in year allocations will be reported through the monthly financial matters reports as and when known.

**Table 2** below details such new allocations for the Neighbourhoods Directorate, which have yet to be discussed by the relevant ward boards, however the West Chellaston S106 was discussed at the Chellaston board on the 16 September 2010 and supported the use for the Community Centre.

**Table 2 S106 In Year Allocations**

Dept	Scheme	Developer	Site	Ward	Amount £	S106 Ref
Neighbourhoods	Arboretum Park	BKR Construction	Cromwell Road	Arboretum	4,135.00	Crom1-01
Neighbourhoods	Arboretum Park	Home Group Ltd	Grove House, Leonard Walk	Arboretum	9,390.00	Grov01-01
Neighbourhoods	Markeaton Park	Fairclough Homes	Orchards, Burton Road	Abbey	18,760.56	Orch1-01
Neighbourhoods	Markeaton Park	Miller & Peveril	Kedleston Road	Allestree	2,856.00	KedR1-01
Neighbourhoods	Borrowood Rec Play Area	Partnerships First	Station Rd	Spondon	5,082.66	SRSp1-01
Neighbourhoods	Chellaston Community Centre	Miller & David Wilson	West Chellaston	Chellaston	41,594.00	WeCh2-01
<b>Total S106 Contributions allocated</b>					<b>81,818.22</b>	

## 5.1 External Funding Sport England Capital Bid

Cabinet approved the implementation of the Leisure Facility Strategy on 8 June 2010. This strategy includes the development of two iconic sporting hubs complemented by a network of neighbourhood sports facilities.

An external funding opportunity has been identified that will contribute towards the development of the two iconic sporting hubs. There is potential funding from Sport England's Sustainable Investment in Community Sports Facilities fund towards the construction of both indoor and outdoor hubs.

Cabinet is being asked to approve the submission of an application of between £1 – 3 million of Sport England funding. Sport England will require match funding of up to 95% to be committed when the bid is submitted. This is currently available within the current approved capital programme for the Leisure Strategy.

The Council is in discussion with several National Governing Bodies of Sport to identify potential financial contributions towards the Leisure Facility Strategy. These contributions, which can also be classed as match funding against the Sport England bid, will need to be confirmed before the final bid is submitted to Sport England. These may also be supported as necessary with match funding from the Leisure Strategy capital funding.

## OTHER OPTIONS CONSIDERED

6.1 None.

This report has been approved by the following officers:

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	Alison Parkin, Head of Finance  Martyn Marples, Director of Finance and Procurement
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<b>For more information contact:</b> <b>Background papers:</b> <b>List of appendices:</b>	Alison Parkin, Head of Finance for Children and Young People 01332 716872 e-mail alison.parkin@derby.gov.uk None Appendix 1 – Implications Appendix 2 – Summary of Changes to the Capital Programme Appendix 3 – Capital Scheme Commencements
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<b>IMPLICATIONS</b>
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**Financial**

- 1.1 As outlined in the report.

**Legal**

- 2.1 As outlined in the report.

**Personnel**

- 3.1 As outlined in the report.

**Equalities Impact**

- 4.1 As outlined in the report.

**Health and Safety**

- 5.1 None for consideration.

**Carbon commitment**

- 6.1 All capital schemes make considerations to the Council's policy.

**Value for money**

- 7.1 As outlined within the report.

**Corporate objectives and priorities for change**

- 8.1 These recommendations, where relevant, are in line with approved budgets which accord with the Council's corporate priorities.



## Appendix 2

<b>Summary of further changes to the capital programme 2010/2011</b>	<b>Latest Approved Capital Programme 2010/11 £000</b>	<b>Revised Capital Programme 2010/11 £000</b>	<b>Change £000</b>	<b>Category</b>
<b>Children &amp; Young Peoples Department</b>				
<b><u>Primary Capital Programme &amp; NDS Modernisation Fund</u></b>				
St Chad's C of E Nursery & Infant School- Urgent repairs to the hall & nursery classroom ceilings	-	115	115	R2
Borrow Wood Junior School Re-wire	325	295	(30)	R2
Various schools Fire Precaution Works following FRA	1,562	1,461	(101)	R2
NDS Modernisation (funding source)	142	355	213	R2 £16k & S £197k
<b>sub-total</b>	<b>2,029</b>	<b>2,226</b>	<b>197</b>	
<b><u>BSF</u></b>				
<b><u>BSF Programme Phase 1a</u></b>				
Derby Moor Community Sports College - Major refurbishment	5,310	2,431	(2,879)	S
New BSF ICT Grant (funding source)	0	396	396	A
<b>sub-total</b>	<b>5,310</b>	<b>2,827</b>	<b>(2,483)</b>	
<b><u>Vic Hallam repairs at various schools.</u></b>				
Vic Hallam repairs at various schools.	100	50	(50)	R2
Vic Hallam repairs at Chaddesden Park Jun School	200	100	(100)	S
Vic Hallam repairs at Mickleover Primary School	-	4	4	R2
Vic Hallam repairs at Ridgeway Infants School	-	50	50	R2
<b>sub-total</b>	<b>300</b>	<b>204</b>	<b>(96)</b>	
<b><u>Schools Access Initiative Funding</u></b>				
Dale Primary SAI Changing bed.	20	45	25	R2
Lawn Primary School refurb / toilet redesign and FPW - £5k substitution of devolved funding with schools access initiative funding	365	365	-	R2
Schools Access Initiative (funding source)	25	5	(20)	R2
Devolved Funding (funding source)	4,164	4,159	(5)	R2
<b>sub-total</b>	<b>4,574</b>	<b>4,574</b>	<b>-</b>	
<b><u>Childrens Centre Capital and Sure Start Early Years Capital Funding</u></b>				
West End Children's Centre (Central Community Nursery School)	410	278	(132)	R2 £122k & S £10k
Unallocated Sure Start Early Years Capital Grant	1,230	385	(845)	R2 £122k & R1 £967k
<b>sub-total</b>	<b>1,640</b>	<b>663</b>	<b>(977)</b>	
Short breaks for disabled children (funding source)	245	146	(99)	R1
St Giles Special School - create additional capacity for children with Autistic Spectrum Disorder	333	337	4	R1
<b>Total changes to Children &amp; Young Peoples Department</b>	<b>14,431</b>	<b>10,976</b>	<b>(3,455)</b>	

<b>Summary of further changes to the capital programme 2010/2011</b>	<b>Latest Approved Capital Programme 2010/11 £000</b>	<b>Revised Capital Programme 2010/11 £000</b>	<b>Change £000</b>	<b>Category</b>
<b>Neighbourhood</b>				
<b>Local Transport Plan (LTP)</b>				<b>S £1,057k &amp; R2 £15k</b>
Connecting Derby	10,815	9,743	(1,072)	
Friar Gate Goods Yard	213	228	15	R2
<b>sub-total</b>	<b>11,028</b>	<b>9,971</b>	<b>(1,057)</b>	
<b>Non LTP</b>				
10/11 Play areas Fullens Lock - Chellaston	80	-	(80)	R1
10/11 Play areas South Ave - Spondon	80	45	(35)	R1
10/11 Play areas Brunswood Rec - Spondon	80	45	(35)	R1
10/11 Play areas Queensferry Gdns - Chellaston	80	-	(80)	R1
10/11 Play areas Quarn Park- Allestree	80	-	(80)	R1
10/11 Play areas Havenbault Rec- Littleover	80	15	(65)	R1
10/11 Play areas Sunnysdale Pk - Blagreaves	80	11	(69)	R1
Leisure Strategy	1,000	400	(600)	S
Rykneld Rec/Park lighting improvements	20	-	(20)	R1
Sunnyhill Community Centre	-	7	7	R2
Community Centres	50	43	(7)	R2
Arboretum park	37	14	(24)	R1
Markeaton Park	214	236	22	R1
Borrowood Rec Play Area	15	20	5	R1
Grounds Equipment	110	80	(30)	R1
Markeaton Crematorium	1,149	326	(823)	S
Chellaston Community Centre - Building Refurbishment	-	3	3	A
Bramble Brook - Water course works	42	100	58	R2
Littleover Brook - Water course works	192	134	(58)	R2
<b>sub-total</b>	<b>3,389</b>	<b>1,477</b>	<b>(1,912)</b>	
<b>Total changes to Neighbourhoods</b>	<b>14,417</b>	<b>11,448</b>	<b>2,969</b>	
<b>Adult Health Housing</b>				
<b>HGF</b>				
Centenary House Refurbishment	-	107	107	R1
Acquisition/ Demolition of Unfit Properties	1,049	859	(190)	S
DASH	385	532	147	R1
<b>sub-total</b>	<b>1,434</b>	<b>1,498</b>	<b>64</b>	
<b>HRA</b>				
Kitchens And Bathrooms Pre war	1,900	-	(1,900)	R2
Kitchens And Bathrooms Post war	900	-	(900)	R2
Kitchens And Bathrooms	-	2,800	2,800	R2
Installation of PhotoVoltaic Cells	-	350	350	R1
Gas Central Heating New/Replacement	2,000	-	(2,000)	R2
Storage Heater Replacement	500	-	(500)	R2
New and Replacement Heating Systems	-	2,500	2,500	R2

<b>Summary of further changes to the capital programme 2010/2011</b>	<b>Latest Approved Capital Programme 2010/11 £000</b>	<b>Revised Capital Programme 2010/11 £000</b>	<b>Change £000</b>	<b>Category</b>
Home Essentials for Life Programme - HELP (Loft and Cavity Wall Insulation)	750	350	(400)	R2
Solid Wall Insulation	-	400	400	R2
New Build Scheme at Elton Road and Cowsley Road	-	3,017	3,017	A
<b>sub-total</b>	<b>6,050</b>	<b>9,417</b>	<b>3,367</b>	
<b>Total changes to Adult Health and Housing</b>	<b>7,484</b>	<b>10,915</b>	<b>3,431</b>	
<b>TOTAL CHANGES TO PROGRAMME</b>	<b>36,332</b>	<b>33,340</b>	<b>(2,993)</b>	

<b>Key of Categories</b>	
<b>A</b>	Additional schemes from new funding secured
<b>A1</b>	Scheme increase funded by previous years reserves income
<b>S</b>	Re-phasing
<b>R1</b>	Other Adjustments - Scheme Reductions/Increases
<b>Re-allocation:</b>	
<b>R2</b>	Within Department's programme
<b>R3</b>	To different Departments programme

## Scheme Commencements

Approval is sought for the following scheme commencements. Proposed funding details are shown below.

St Chad's C of E Nursery & Infant School- Urgent replacement of ceilings above nursery, 2 classrooms and hall

Budget	£'000
2010/11	115
<b>Total Expenditure</b>	<b>115</b>
<b>Funding</b>	
NDS Modernisation Fund SCE ( C )	115
<b>Total Funding</b>	<b>115</b>

Vic Hallam repairs at Mickleover Primary School

Budget	£'000
2010/11	4
2011/12	191
2012/13	5
<b>Total Expenditure</b>	<b>200</b>
<b>Funding</b>	
Property Services Revenue Contribution	150
Primary Capital Programme SCE ( C )	50
<b>Total Funding</b>	<b>200</b>

Vic Hallam repairs at Ridgeway Infants School

Budget	£'000
2010/11	50
2011/12	145
2012/13	5
<b>Total Expenditure</b>	<b>200</b>
<b>Funding</b>	
Property Services Revenue Contribution	150
Primary Capital Programme SCE ( C )	50
<b>Total Funding</b>	<b>200</b>

Installation of Photo Voltaic Cells in Council Houses

Budget	£'000
2010/11	350
2011/12	2,650
<b>Total Expenditure</b>	<b>3,000</b>
<b>Funding</b>	
Housing Revenue Account Reserves	3,000
<b>Total Funding</b>	<b>3,000</b>

## Centenary House Refurbishments

Budget	£'000
2010/11	107
<b>Total Expenditure</b>	<b>107</b>
<b>Funding</b>	
Housing Revenue Account Reserves	107
<b>Total Funding</b>	<b>107</b>

## New Build Scheme at Elton Road and Cowsley Road

Budget	£'000
2009/10	283
2010/11	3,017
<b>Total Expenditure</b>	<b>3,300</b>
<b>Funding</b>	
HCA Grant	1,650
Unsupported Borrowing Service Financing	1,650
<b>Total Funding</b>	<b>3,300</b>